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ABSTRACT

This statistical abstract presents data on the sources of payment for medical care for people with disabilities in different age groups. All estimates come from the National Medical Expenditures Survey, a nationally representative survey of the civilian non-institutionalized population of the U.S. conducted in 1987. Six categories of payment sources are reported here: (1) out of pocket, including payments by the individual or a member of the family; (2) private health insurance; (3) Medicare (not shown for children aged 1-17); (4) Medicaid; (5) other public programs, military coverage, community mental health centers, coverage for dependents of active or retired military personnel, coverage for dependents or survivors of disabled veterans, and Supplemental Security Income; and (6) other sources, including workers' compensation, bad debt, services provided without charge, automobile or non-health insurance, and payments by school, union, company, charity, friend, or foreign government. Results found people with disabilities are much more likely to have public coverage to pay for their health care than those without disabilities. People with disabilities have 50 percent of their health care expenditures paid by public sources: 30 percent Medicare, 10 percent Medicaid, and 10 percent other public sources, for a total public expenditure of $79 billion in 1987. (CR)

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Disability Statistics Abstract
Number 13

Who Pays for the Medical Care of People with Disabilities?

by Laura Trupin, Dorothy P. Rice, and Wendy Max

People with disabilities use significantly more medical services than those without disabilities. In 1987, per capita expenditures were over four times as great for people with disabilities as for those without.[1] Health insurance coverage provides some protection against large hospital and medical care expenses, but an analysis of the 1989 National Health Interview Survey found numerous differences in insurance coverage for people with and without disabilities. For example, adults aged 18-64 with disabilities are somewhat more likely than those without disabilities to have no health insurance; they are also more likely to have public coverage, such as Medicaid or Medicare.[2] The question of who pays for medical care would appear to have a different answer for people with disabilities than for people without disabilities.

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Number 13, November 1995.

This abstract presents data on the sources of payment for medical care for people with disabilities. Disability is defined here as a limitation in life activities usually performed by persons of a given age.[3] All estimates come from the National Medical Expenditures Survey, a 1987 nationally representative survey of the civilian non-institutionalized population of the United States.[4] Six categories of payment sources are reported here: (1) out of pocket, including payments by the respondent or a member of the family; (2) private health insurance; (3) Medicare (not shown for children aged 1-17 years); (4) Medicaid; (5) other public programs, including veterans and military coverage, community mental health centers, coverage for dependents of active or retired military personnel (CHAMPUS), coverage for dependents or survivors of disabled veterans (CHAMPVA), and Supplemental Security Income; and (6) other sources, including workers' compensation, bad debt, services provided without charge, automobile or non-health insurance, and payments by school, union, company, charity, friend, or foreign government.

Sources of Payment by Disability Status and Age

People with disabilities are much more likely to have public coverage to pay for their health care than those without disabilities, as shown in Table 1. People with disabilities have 50 percent of their health care expenditures paid by public sources—30 percent Medicare, 10 percent Medicaid, and 10 percent other public sources—for a total public expenditure of $79 billion in 1987. In contrast, only 20 percent of the health-care expenditures of those without disabilities ($36 billion in 1987) are paid by public programs.[5] People without disabilities rely on private insurance to pay for 46 percent of their care and pay out of pocket for 29 percent.

The large proportion of expenditures covered by Medicare for persons with disabilities is not

Half of all medical expenditures for people with disabilities are covered by public programs.

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Table 1. Percent Distribution of Source of Payment for Medical Care, by Age and Disability Status, 1987.

Age group	Total Expenditures ($ millions)	Sources of payment: Total	Out of Pocket	Private Insurance	Medicare	Medicaid	Other Public	Other
All persons	336,274	100	24	37	18	8	8	4
Disability	156,949	100	18	27	30	10	10	4
No Disability	179,324	100	29	46	8	6	6	5
Ages 1–17**	37,548	100	30	48	0	11	5	6
Disability	6,949	100	20	50	0	16	6	8 *
No Disability	30,599	100	32	48	0	10	4	5
Ages 18–64	187,803	100	25	47	4	10	8	6
Disability	71,639	100	17	38	9	16	12	6
No Disability	116,164	100	29	53	0	6	5	6
Ages 65+	110,923	100	21	15	49	4	10	1
Disability	78,362	100	19	14	52	5	9	1 *
No Disability	32,561	100	27	18	41	2	11	1

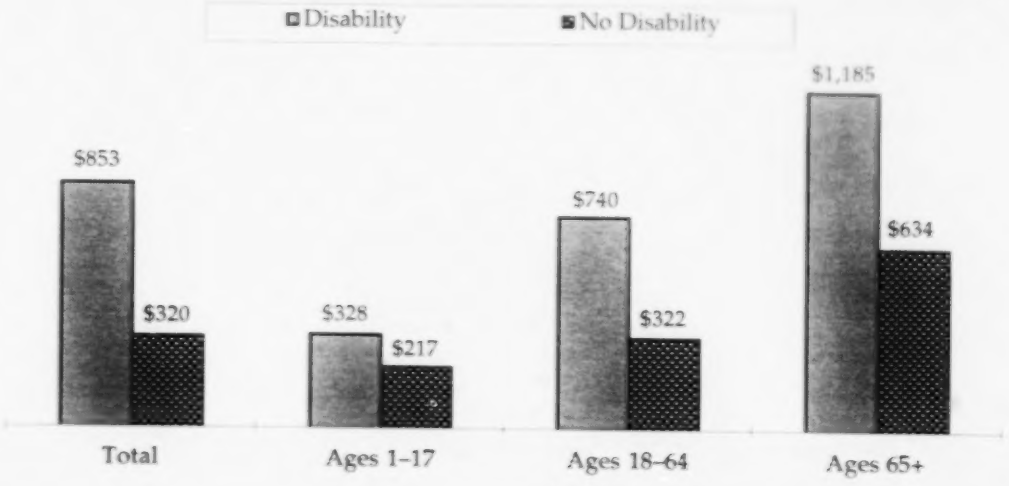
Note: Rows may not sum to total due to rounding.

Expenditures are for the non-institutionalized population and exclude infants under 1 year of age.

* Estimate has low statistical reliability (relative standard error > 30 %).

** Medicare expenditures for children are included with other public programs.

Figure 1. Per Capita Out of Pocket Expenditures for Medical Care, by Age and Disability Status, 1987.



surprising, given that more than one third of people with disabilities are at least 65 years old. For older adults with disabilities, Medicare pays fully 52 percent of health care costs; it also pays 41 percent of the medical costs of those without disabilities. Among the younger ages, however, there is a greater difference between the proportion of expenditures covered under public programs for people with disabilities and that for those without disabilities. Public programs account for 37 percent of medical expenditures for adults aged 18 to 64 with disabilities, compared to 11 percent for those without. Among children aged 1 to 17, 22 percent of expenditures for those with disabilities are covered under public programs, compared to 14 percent for those without disabilities.

Out-of-pocket expenditures for people with disabilities are more than double those of people without disabilities.

Out-of-pocket Expenditures

For all three age groups, out-of-pocket expenditures account for a smaller proportion of all medical expenditures for those with disabilities than for those without. However, this does not accurately portray the actual burden of medical care costs on individuals. In 1987, people with disabilities spent an average of $853 out of pocket, more than twice as much as people without disabilities spent. As Figure 1 shows, per capita out-of-pocket expenditures were higher in every age group for those with disabilities than for those without.

Type of Expenditures

Sources of payment for four types of medical expenditures are shown in Table 2. For persons with a disability, 40 percent of hospital

Table 2. Percent Distribution of Source of Payment for Medical Care, by Type of Expenditure and Disability Status, 1987.

Type of Expenditure	Total Expenditures ($ millions)	Sources of payment (percent distribution)						
		Total	Out of Pocket	Private Insurance	Medicare	Medicaid	Other Public	Other
Hospitalizations								
All persons	132,164	100	8	41	29	9	10	5
Disability	75,832	100	6	30	40	8	11	4
No Disability	56,332	100	10	55	14	9	7	5
Physician Services								
All persons	100,477	100	23	38	17	7	10	4
Disability	42,338	100	18	26	29	9	14	4
No Disability	58,139	100	27	47	9	6	8	5
Other Professional Services								
All persons	23,650	100	29	41	9	9	7	5
Disability	9,581	100	22	34	15	14	8	7 *
No Disability	14,069	100	33	45	5	6	7	4
Prescription Drugs**								
All persons	22,308	100	57	28	0	10	5	1
Disability	10,612	100	53	24	0	15	6	1
No Disability	11,696	100	60	31	0	5	4	1

Note: Rows may not sum to total due to rounding

Expenditures are for the non-institutionalized population and exclude infants under 1 year of age

* Estimate has low statistical reliability (relative standard error > 30 %).

** Medicare does not provide coverage for medications.

care costs are paid by Medicare and 30 percent by private health insurance; for those without disabilities, 55 percent of hospital costs are paid by private insurance and only 14 percent by Medicare.

Medicare covers a somewhat smaller proportion of expenditures for physician services: 29 percent for people with disabilities and 9 percent for those without. Private health insurance covers 26 percent of physician services costs for people with disabilities and 47 percent for those without. The distribution of payment sources for other professional health care services is similar to that of physician services, except that Medicare pays a smaller proportion for both disability status groups.

Medicare does not cover prescription medications at all; more than half of these expenditures are paid out of pocket for persons with and without disabilities. Nevertheless, Medicaid and other public programs account for a larger percent of drug expenditures for people with disabilities than for those without disabilities.

Notes

1. Max, W., Rice, D.P., and Trupin, L. 1995. Medical Expenditures for People with Disability. Disability Statistics Abstract No. 12. Washington, DC: U.S. Department of Education, National Institute on Disability and Rehabilitation Research.
2. LaPlante, M.P. 1993. Disability, Health Insurance Coverage, and Utilization of Acute Health Services in the United States. Washington, DC: US Department of Education, NIDRR.
3. The determination of disability based on usual life activities is dependent on age. Adults are considered to have a disability if they are unable to work, attend school, or do housework, or are limited in the kind and amount of these activities they can perform. For school-aged children, disability refers to a limitation in the kind or amount of school attendance, need for special school, or the inability to attend school. For children aged 1 to 4, disability is defined based on the ability to engage in play activities like other children their age. Babies under one year of age are excluded from the analysis.
4. Cohen, S., DiGaetano, R. and Waksberg, J. 1991. Sample design of the 1987 Household Survey (AHCPR Pub. No. 91-0037). National Medical Expenditure Survey Methods 3. Agency for Health Care Policy and Research. Rockville, MD: Public Health Service.
5. All comparisons discussed in this report are statistically significant at the .05 level of significance or better. They may, however, be affected by other unanalyzed factors.

Credits

This abstract is based on Disability Statistics Report #5: Trupin, L., Rice, D.P., and Max, W. (1995). *Medical Expenditures for People with Disabilities in the United States, 1987*. Washington, DC: U.S. Department of Education, National Institute on Disability and Rehabilitation and Research.

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